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RAYTHEON PRESIDENT Max Bleck confirmed last week that Raytheon has submitted a bid to acquire Cessna Aircraft Co. from General Dynamics, but declined comment on whether the two firms would be merged or operated separately if General Dynamics accepts the Raytheon bid. Dassault Aviation also reportedly was among the final group of bidders, which included Forstmann Little and Textron. GD has not indicated whether it will sell Cessna to a single buyer or dispose of the company through a stock offering *(BA, Dec. 23/245).*

GENERAL AVIATION MANUFACTURERS ASSOCIATION, which is seeking reinstatement of the Investment Tax Credit (ITC) for purchasers of capital equipment and repeal of the luxury tax on new aircraft, has caught the attention of senior White House officials. In response to a letter 10 days ago from interim GAMA President Ed Stimpson, White House Chief of Staff Samuel Skinner last week thanked Stimpson for information on the two initiatives. "Your statistics were very enlightening, and I assure you we will take a look at both issues as we develop our economic growth package," Skinner wrote.

AMR CORP. OFFICIALS, who described the 1991 net loss of $239.9 million as "the worst year in company history," indicated the corporate balance sheet didn't get any help from its ground handling and FBO subsidiary, AMR Services. "In general, AMR Services, which like [American Airlines] is very dependent on the economy, performed below expectations in 1991, as did the airline," said Michael Durham, AMR's chief financial officer. "The FBO business was pretty lousy in 1991," Durham added.

WHETHER OR WHEN Gen. Jerry Curry may be confirmed as FAA administrator remains unclear as Congress returns to Washington this week following a two-month recess. His nomination to the FAA post cleared the Senate Commerce Committee before Thanksgiving, but Sens. Howard Metzenbaum (D-Ohio) and Paul Wellstone (D-Minn.) placed "holds" on the nomination to prevent from it reaching the Senate floor for a vote. Those holds remain in place, Curry continues to serve as head of the National Highway Traffic Safety Administration and Barry Harris, deputy FAA administrator, is acting administrator of the agency.

GAMA STEPS UP LOBBYING EFFORTS FOR INVESTMENT TAX CREDIT, LUXURY TAX REPEAL

General Aviation Manufacturers Association last week called reinstatement of the Investment Tax Credit the most important issue for its members and GAMA Chairman and Learjet President Brian Barents said GAMA will work "diligently" for a revival of the ITC. "For our industry, and many other American industries, the restoration of the ITC is the quickest and most efficient route out of the doldrums," Barents said. During the past three decades general aviation billings grew during most years that the tax credit was in effect, while sales declined in those periods when buyers could not take advantage of the ITC *(see GAMA chart on Page 34).* "Restore the ITC and you will see general aviation reinvigorated," Barents said. GAMA President Ed Stimpson cited the National Association of Manufacturers, the Chamber of Commerce and Machine Tool Builders as other groups supporting reinstatement of the ITC.

GAMA also plans to renew its efforts to achieve a repeal of the 10 percent luxury tax on aircraft that cost more than $250,000. "In a misguided effort to 'soak the rich,' Congress instituted an oppressive and burdensome luxury tax on business aircraft which has little impact on the 'rich' but certainly has been very

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GAMA SEEKING ITC *(Cont.)*

successful in putting a number of people out of work," Barents said. Citing a GAMA-commissioned Price Waterhouse study that was released last week, he noted that the Internal Revenue Service collected only about $53,000 in aircraft luxury tax revenues in 1991. "That won't even pay for the IRS employees shuffing the paper on this ridiculous program," Barents said. The Joint Committee on Taxation originally estimated that the IRS would collect $6 million annually from the tax. Price Waterhouse also estimated that the tax will reduce sales of personal-use, tax-affected aircraft by nearly 50 percent. "If this tax, in any way, contributed significantly to helping the economy, we would probably support it," Barents said, "but it doesn't help the economy – it hurts it."

Other GAMA initiatives this year include continued efforts to win passage of product liability reform as well as for more joint-use airports. Product liability has proved to be impossible to achieve because the Association of Trial Lawyers of America has stonewalled every attempt to get reform legislation to the floor for a vote, Barents said. "ATLA literally controls the legislative process when it comes to potential changes in the legal system, a system which benefits them greatly. No special interest group of 65,000 people should wield this much power."

GOVERNMENT OUTLINES 12-MONTH SCHEDULE FOR PRIVATIZATION OF EMBRAER – Brazilian government officials have formally listed aircraft manufacturer Embraer among the companies scheduled for privatization during the current year. A working group comprising Embraer officials, employee representatives, members of the Brazilian Air Ministry (the major shareholder in Embraer) and representatives of the National Economic and Social Development Bank has been formed to study and develop recommendations for the best procedures to follow in the transition from a government-owned company to a private enterprise. The National Economic and Social Development Bank is responsible for carrying out privatization of all companies owned in whole or in part by the Brazilian government.

Embraer, which was formed in August 1969, is described as a mixed capital corporation with funds provided by both the government and the private sector. The government is a major shareholder in Embraer, retaining about 96.5 percent of the voting stock. Approximately 3.5 percent of the voting stock and about two-thirds of the non-voting stock is owned by other corporate interests. A statement issued by Embraer said the privatization "is expected to be concluded in eight to 12 months" and will "follow basically the same lines used for the recent privatization" of two different companies, Celma, a jet engine overhaul firm, and Usiminas, an iron and steel processing complex. Embraer said "this scheme basically calls for investors to bid for blocks of shares at a specially-scheduled Stock and Exchange privatization auction." The current plan calls for 40 percent of the voting stock to be offered to foreign investors, 30 percent to local investors and 10 percent to company employees. The remaining 20 percent would be retained by the government "to let it have decision power on programs involving national security."

GAMA DELIVERIES SINK TO RECORD LOW IN 1991 – The General Aviation Manufacturers Association Thursday reported that U.S. manufacturers delivered 1,021 aircraft last year, a 10.8 percent decline from 1990 figures and the lowest annual total since before World War II. Billings also declined by two percent in 1991 to $1.9 billion. Interim GAMA President Ed Stimpson attributed last year's loss to the prolonged recession "compounded by an already hostile product liability situation and onerous luxury tax." This environment especially affected the turboprop market as deliveries plunged 21 percent in 1991 to 222 aircraft valued at $527 million.

The piston-aircraft market also was sluggish in 1991 with 613 delivered. Stimpson noted that "Ironically, at a time U.S. manufacturers are not producing training aircraft, flight schools and university flight training programs...badly need new airplanes." He estimated that the average age of the single-engine airplane is 26 years and at least one-quarter of the fleet is more than 33 years old. "Clearly, new airplanes are needed," he said.

The turbojet market, however, remained strong last year with an 11 percent increase over 1990 shipments. U.S. business jet manufacturers delivered 186 units, valued at $1.3 billion in 1991. Stimpson said the business jet market "bodes well for the future" as U.S. manufacturers continued to invest heavily in research and development despite the recession. He added that the 1991 numbers only reflect civil shipments, but manufacturers will deliver a "significant number" of off-the-shelf aircraft to the military in 1992.

Exports remained fairly steady last year with 385 shipments, valued at $815.3 million. This accounted for 37.7 percent of 1991 shipments and 41.4 percent of billings.

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – FOURTH QUARTER UNIT SHIPMENTS

AEROSPATIALE GENERAL AVIATION

		4th Quarter 91	Cal. Year
• Single-Engine			
TB-9	Tampico	36	106
TB-10	Tobago	14	38
TB-20	Trinidad	15	51
TB-21	Trinidad TC	4	8
Total		69	203

AMERICAN GENERAL AIRCRAFT CORP.

• Single-Engine			
AG-5/B	Tiger	15	82
Total		15	82

(Quarterly Billings $1,477,867)

AVIAT (formerly Christen Industries)

• Single-Engine			
S-1T	Pitts	1	1
S-2B	Pitts	7	33
A-1	Husky	10	37
Total		18	71

(2 Export)
(16 Domestic)

BEECH AIRCRAFT CORP.

• Single-Engine			
BE-F33A	Bonanza	26	90
BE-A36	Bonanza	21	77
BE-36TC	Bonanza	6	16
BE-36AT		0	21
• Multi-Engine			
BE-58	Baron	10	35
BE-58P	Baron	0	0
BE-C90-1	King Air	8	31
BE-200	Super King Air	9	24
BE-200C	Super King Air	0	0
BE-200T	Super King Air	0	2
BE-300LW	Super King Air	1	5
BE-350	Super King Air	11	35
BE-350C		0	0
BE-1300		0	0
BE-1900C	Commuter	1	36
BE-1900D		3	3
Starship 2000		3	7
Beechjet 400A		11	20
Total		110	402

(Quarterly Billings $113,545,934)

BRITISH AEROSPACE

• Multi-Engine			
BAe	Jetstream 31	14	40
ATP		6	12
BAe 146-100		0	2
BAe 146-200		2	8
BAe 146-300		6	17
HS-125-800A		1	4
HS-125-800B		4	10
1000		10	10
Total		43	103

PILATUS BRITTEN-NORMAN

• Multi-Engine			
BN-2B	Islander	6	11
BN-2T	Islander	0	1
Total		6	12

CANADAIR

• Multi-Engine			
CL-601-3A		5	18
Total		5	18

CESSNA AIRCRAFT CO.

• Single-Engine			
CE-208	Caravan I	16	62
• Multi-Engine			
CE-406	Caravan II	2	2
CE-550	Citation II	8	34
CE-650	Citation III	3	12
CE-650	Citation VI	2	4
CE-560	Citation V	21	62
Total		52	176

DASSAULT AVIATION

• Multi-Engine			
AD-My 50	Falcon	3	12
AD-My 900	Falcon	6	14
Total		9	26

De HAVILLAND AIRCRAFT OF CANADA

• Multi-Engine			
DHC-8	Series 100	9	26
DHC-8	Series 300	5	32
Total		14	58

EMBRAER

• Single-Engine			
EMB-201A	Ipanema	1	11
EMB-711ST	Corison II	0	0
EMB-712	Tupi	0	1
EMB-720	Minuano	1	10
• Multi-Engine			
EMB-110	Bandeirante	0	3
EMB-120	Brasilia	9	31
EMB-121	Xingu	0	0
EMB-810D	Seneca II	8	30
EMB-820		0	0
EMB-821	Carajah	0	1
Total		19	87

FAIRCHILD AIRCRAFT

• Multi-Engine			
Merlin IV-C		0	0
Metro III		1	10
Expediter		0	0
Total		1	10

GULFSTREAM AEROSPACE

• Multi-Engine			
G-IV	Gulfstream IV	11	29
Total		11	29

ISRAEL AIRCRAFT INDUSTRIES

• Multi-Engine			
1125	Astra	6	11
Total		6	11

LAKE AIRCRAFT

• Single-Engine			
LA-4-200EP		0	0

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		4th Quarter 91	Cal. Year
LA-250	Renegade	1	11
Total		1	11
(1 Export)			

LEARJET CORP.

• Multi-Engine			
LR-31		1	7
LR-31A		7	9
LR-35A		2	7
LR-36A		0	0
LR-55C		0	2
Total		10	25

MAULE AIR INC.

• Single-Engine			
M-5-180C		0	0
M-5-200		0	0
M-5-235C	Lunar Rocket	0	0
M-6-235		0	3
MX-7-180	Lunar Rocket	6	12
M7-235	Super Rocket	1	13
MX-7-235		12	16
MX-7-420		0	1
MXT-7-180		4	21
Total		23	66
(Quarterly Billings $2,221,372)			

MOONEY AIRCRAFT CORP.

• Single-Engine			
M-20J	201 Lean Machine	11	33
M-20J	205	0	0
M-20K	231	0	0
M-20K	252	0	1
M-20L	PFM	0	0
M-20J	AT	0	8
M-20M	TLS	7	46
Total		18	88
(4 Export)			
(14 Domestic)			

		4th Quarter 91	Cal. Year
PIAGGIO AVANTI			
• Multi-Engine			
P-180		2	6
Total		2	6

PIPER AIRCRAFT CORP.

• Single-Engine			
PA-18-150	Super Cub	0	0
PA-28-161	Warrior	0	0
PA-28-161	Cadet	0	1
PA-28-281	Archer II	0	0
PA-28-236	Dakota	0	0
PA-28R-201	Arrow IV	0	0
PA-28RT-201	Turbo Arrow IV	1	1
PA-32-301	Saratoga	0	14
PA-32R-301	Saratoga SP	0	1
PA-46-350P	Mirage	3	6
• Multi-Engine			
PA-34-220T	Seneca III	1	14
PA-42-720	Cheyenne IIIA	0	3
PA-42-1000	Cheyenne 400	0	1
PA-44-180	Seminole	0	0
Total		5	41

TBM SA COMPANY

• Single-Engine			
TBM-700		11	23
Total		11	23
SINGLE ENGINE		230	855
MULTI-ENGINE		218	693
GRAND TOTAL		448	1,548

UNIT SHIPMENTS COMPARATIVE TREND: 21 MANUFACTURERS

	4th Quarter			Calendar Year to Date		
	1991	1990	1989	1991	1990	1989
Aerospatiale	69	54	26	203	204	121
American General	15	6	*	82	10	*
Aviat	18	17	19	71	68	75
Beech	110	122	112	402	432	371
British Aerospace	43	29	42	103	108	118
Britten-Norman	6	8	2	12	19	9
Canadair	5	5	6	18	28	20
Cessna	52	51	64	176	171	183
Dassault	9	11	10	26	33	32
De Havilland	14	24	15	58	66	54
Embraer	19	39	44	87	129	142
Fairchild	1	5	4	10	14	13
Gulfstream	11	7	12	29	34	40
Israel	6	2	6	11	9	11
Lake	1	2	5	11	17	23
Learjet	10	7	10	25	25	25
Maule Air	23	6	8	66	26	35
Mooney	18	42	60	88	147	143
Piaggio Avanti	2	1	*	6	1	*
Piper	5	29	151	41	178	621
TBM	11	*	*	23	*	*
Total	448	467	596	1,548	1,721	2,036

* Figures not available

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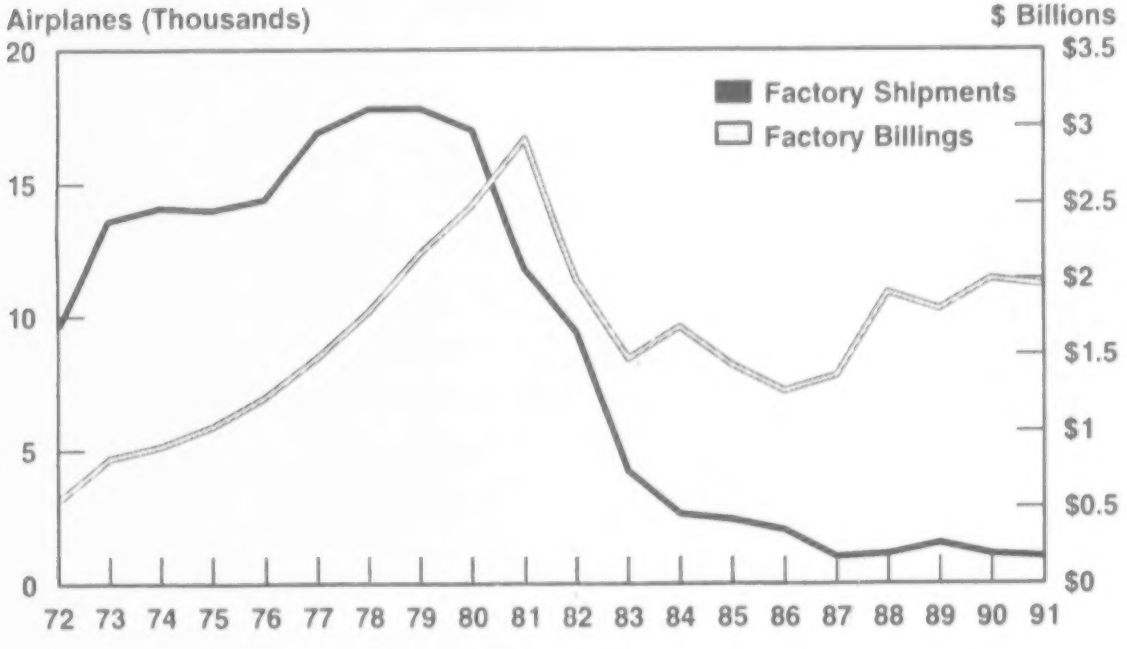
GAMA 1991 AIRPLANE SHIPMENTS BY TYPE

	Billings (Mil)	Airplanes
Turbojets	$1,348	186
Turboprops	$ 527	222
Piston	$ 93	613
Total	$1,968	1,021

GAMA SHIPMENTS AND BILLINGS



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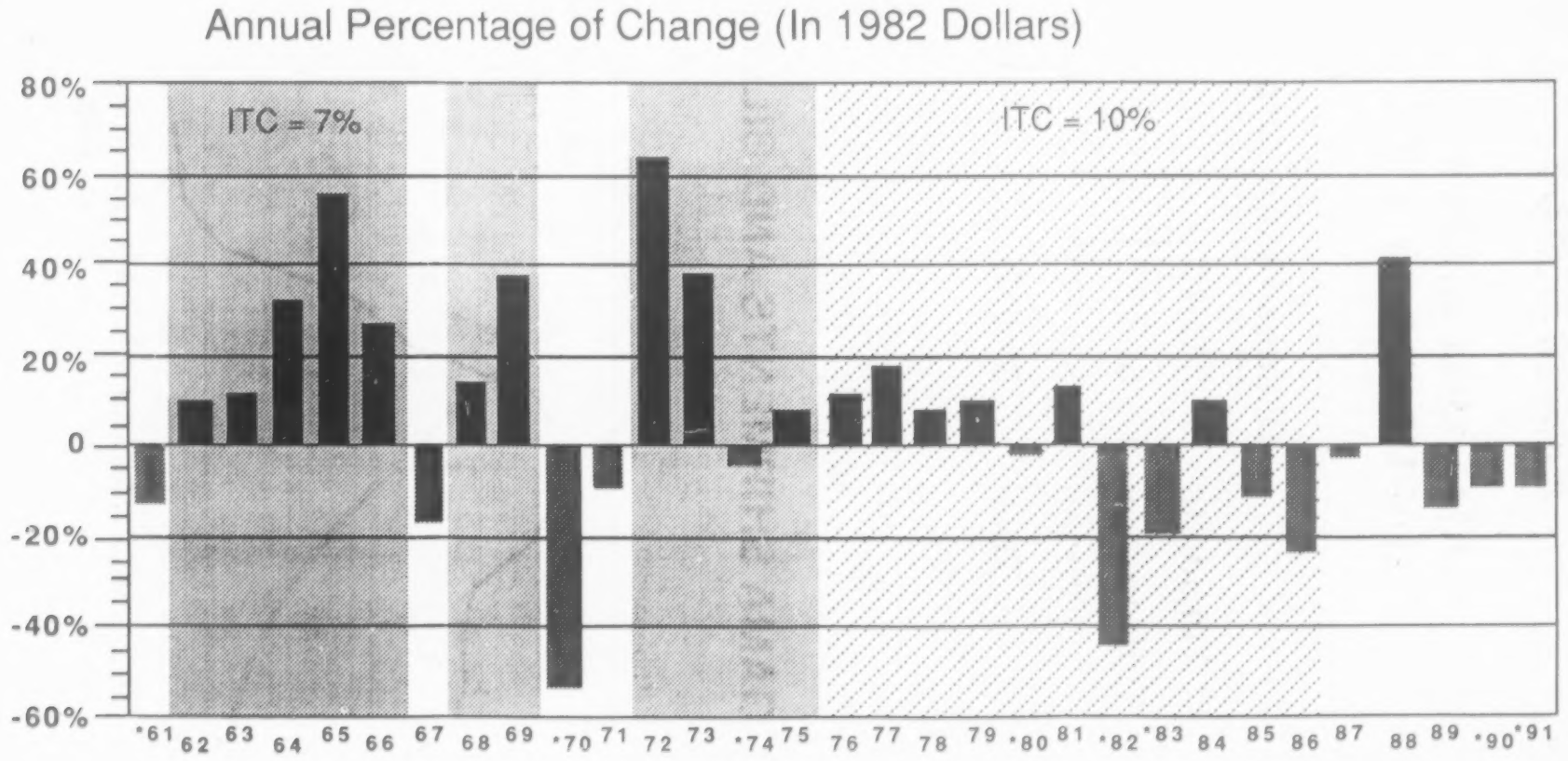
The Effect of the Investment Tax Credit On Domestic General Aviation Billings


Annual Percentage of Change (In 1982 Dollars)
80%
60%
40%
20%
0
-20%
-40%
-60%
ITC = 7%
ITC = 10%
*61 62 63 64 65 66 67 68 69 *70 71 72 73 *74 75 76 77 78 79 *80 81 *82 *83 84 85 86 87 88 89 *90 *91
* Recession Years
Year
• Increase primarily due to ITC Transition Rule

GAMA chart

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